

TERM SHEET
FOR
PURCHASE OF LIMITED PORTIONS
OF
LANDLORD'S INTEREST IN PARCEL D-10
DOWNTOWN WATERFRONT/MARKETS AREA
BOSTON, MASSACHUSETTS

1. Property: The land described as Parcel D-10 located at the corner of Commercial Street and State Street in the Downtown/Waterfront Markets area in Boston, as more fully described in Exhibit A to a certain Ground Lease dated September 29, 1983 ("Ground Lease") by and between the Boston Redevelopment Authority ("BRA"), as landlord, and Marketplace Center Limited Partnership ("MCLP"), as tenant, subject to and with the benefit of the Ground Lease.
2. Condition of Title: The Property is to be conveyed by a good and sufficient quitclaim deed (the "Deed") running from Seller to Buyer, which Deed shall convey good and clear record and marketable fee simple title thereto, free from encumbrances, liens and encroachments from or on the Property except for the Ground Lease and such other encumbrances, liens or encroachments as shall be acceptable to MCLP.
3. Purchase Price: The greater of (a) \$8,500,000 or (b) an amount equal to the present value of the ten year stream of base rent (\$1,400,000 per year) due under the Ground Lease for Years 1 through 10 (i.e. Year 1 shall commence on the Closing Date) discounted at the Discount Rate.
4. Discount Rate: 275 basis points over the U.S. Treasury Strips coupon interest rate for the maturity closest to the expiration of the 10-year period referred to in paragraph 3, as published in The Wall Street Journal in its "Treasury Bonds, Notes and Bills" section as of 3:00 p.m. Eastern time on (a) the fifth business day next prior to the Closing Date or (b) at the option of MCLP, the date on which MCLP notifies Seller of MCLP's election to set the Discount Rate, which date shall be no

earlier than the date hereof and no later than the fifth business day next prior to the Closing Date.

5. Deposit: \$850,000 payable upon the execution of this Term Sheet.
6. Balance: \$7,650,000, or, if the Purchase Price determined pursuant to paragraph 3 exceeds \$8,500,000, such larger amount as shall constitute the excess of the Purchase Price over the Deposit, payable in either event on the Closing Date.
7. Closing Date: The closing of the transaction contemplated herein (the "Closing") shall occur at the offices of Hale and Dorr at 10:00 A.M. on September 30, 1991, subject to the right of MCLP to extend the Closing Date to any date on or before December 1, 1991 (December 1, 1991 being the end of the term of the existing Aetna leasehold mortgage loan encumbering the Ground Lease). In the event that MCLP elects to extend the Closing Date as set forth above, MCLP shall notify Seller of such election on or before September 25, 1991. MCLP shall notify Seller of the extended Closing Date in the same or a subsequent notice, which notice of the extended Closing Date, in any event, shall be provided to Seller not less than 10 days prior to the extended Closing Date set forth in such notice.
8. Seller: BRA.
9. Buyer: A nominee trust to be created by MCLP. The sole beneficiary of the trust shall be the General Partnership described in paragraph 10.
10. General Partnership: A Massachusetts general partnership which shall have only two partners:
 - a. MCLP or a Massachusetts limited partnership to be formed by MCLP, provided that the partners thereof shall be the same as the partners of MCLP ("MCLP Partner"); and
 - b. The BRA or any affiliated entity designated by the BRA (the "BRA Partner").

11. Partnership Agreement:

The terms of the partnership agreement establishing the General Partnership (the "Partnership Agreement") shall include, without limitation, the following:

- a. MCLP Partner shall have sole right to receive all base rent payments under the Ground Lease;
- b. MCLP Partner shall make all payments due under the Fee Mortgage (as hereinafter defined) and shall pay all other monetary obligations of the General Partnership such that BRA Partner shall have no monetary obligations;
- c. MCLP Partner shall be tax-matter partner and shall be entitled to all tax benefits of ownership of the Property;
- d. MCLP Partner shall have sole right to exercise Buy-Out Option (as hereinafter defined);
- e. BRA Partner shall have sole right to receive all percentage rent and additional rent under Ground Lease; and
- f. BRA Partner shall have sole right to exercise Reverter Option (as hereinafter defined).

12. Buy-Out Option:

MCLP Partner shall have the right to buy-out BRA Partner on the following terms:

- a. Buy-Out Option may be exercised at any time during Years 6 through 10;
- b. Buy-Out Option closing shall occur within 90 days after exercise of Buy-Out Option;
- c. Subject to minimum and maximum prices set forth below, the Buy-Out Option price shall be equal to the present value of the 15 year stream of base rent due under the Ground Lease for Years 11 through 25 discounted at the Option Discount Rate;
- d. Option Discount Rate shall be the Applicable Basis Points over the Applicable Treasury Rate. The Applicable Treasury Rate shall be the U.S.

Treasury Strips coupon interest rate for the maturity closest to the expiration of Year 25, as published in The Wall Street Journal in its "Treasury Bonds, Notes and Bills" section as of 3:00 p.m. Eastern time on the Buy-Out Option exercise date. The Applicable Basis Points shall be as follows:

Year 6 - 175

Year 7 - 195

Year 8 - 215

Year 9 - 235

Year 10 - 255 (first 6 months)

Year 10 - 275 (last 6 months)

e. Minimum Buy-Out Option price if exercised in Years 6-9 shall be \$9,000,000;

f. Minimum Buy-Out Option price if exercised in Year 10 shall be \$9,500,000;

g. Maximum Buy-Out Option price at all times shall be \$15,000,000;

h. The Partnership Agreement shall contain an example of the method for calculating the Buy-Out Option price.

13. Reverter
Option:

BRA Partner shall have the right to buy-out MCLP Partner ("Reverter Option") on the following terms:

a. Reverter Option shall be deemed automatically exercised upon commencement of Year 11, unless MCLP Partner has previously exercised and closed the Buy-Out Option;

b. Reverter Option price shall be One Dollar (\$1.00); and

c. Reverter Option shall be subject to Fee Mortgage until Fee Mortgage is paid in full.

14. Fee
Mortgage:

MCLP's obligations shall be contingent upon MCLP obtaining and closing a first lien fee mortgage

financing upon the Property on terms acceptable to MCLP, which in any event shall include the following:

- a. Fee Mortgage shall be non-recourse;
- b. Fee Mortgage shall be self-amortizing on or before the end of Year 10;
- c. Seller shall cooperate with MCLP in obtaining the first lien fee mortgage financing described above, which cooperation shall include, without limitation, the execution of the Fee Mortgage and related documentation by the Seller's representative in their capacity as trustee of Buyer and/or by the BRA Partner in its capacity as a general partner of the General Partnership described in paragraph 10; and
- d. In the event such financing is not obtained, the obligations set forth in this Term Sheet shall be terminated, this Term Sheet shall be void and without recourse to the parties hereto and MCLP shall be provided with a credit in the amount of the Deposit to be applied against the payment or payments of rent next due from MCLP under the Ground Lease.

15. Seller's
Failure to
Perform and
Buyer's
Remedies:

If Seller shall be unable to give title or make conveyance, or to deliver possession of the Property, all as herein stipulated, the Closing Date shall be extended for a period of 30 days, during which period Seller shall remove all encumbrances, if any, that secure the payment of money and use reasonable efforts to remove all other defects in title and to deliver possession of the Property. If on the extended Closing Date, Seller shall have failed to so remove any defects in title or deliver possession, as the case may be, all as herein agreed, then, at MCLP's option, the obligations set forth in this Term Sheet shall be terminated, this Term Sheet shall be void and without recourse to the parties hereto and MCLP shall be provided with a credit in the amount of the Deposit to be applied against the payment or payments of rent next due from MCLP under the Ground Lease. MCLP shall have the election, at either the original

or extended Closing Date, to have Buyer accept such title as Seller can deliver to the Property and to pay therefore the Purchase Price without deduction, in which case Seller shall convey such title. In the event of a default by Seller under this Term Sheet, MCLP shall have all rights available to it at law and in equity, including the right to enforce this Term Sheet by requiring specific performance.

16. Seller's
Damages:

Seller and MCLP acknowledge that in the event of MCLP's failure to fulfill its obligations hereunder, it is impossible to compute exactly the damages that would accrue to Seller. Seller and MCLP have taken these facts into account in setting the amount of the Deposit at \$850,000. Seller and MCLP agree that (i) \$850,000 is the best pre-estimate of such damages that would accrue to Seller; (ii) said \$850,000 represents damages and not any penalty against MCLP; and (iii) if this Term Sheet shall be terminated by Seller by reason of MCLP's failure to fulfill MCLP's obligations, said \$850,000 shall be retained by Seller as its full and liquidated damages in lieu of all other rights and remedies which Seller may have against MCLP at law or in equity.

17. Closing
Documen-
tation:

MCLP and BRA obligations hereunder are subject to agreement by the parties regarding the Partnership Agreement, Deed and other documents related to the Closing. In the event that MCLP and BRA fail to agree on such documents, the obligations set forth in this Term Sheet shall be terminated, this Term Sheet shall be void and without recourse to the parties hereto and MCLP shall be provided with a credit in the amount of the Deposit to be applied against the payment or payments of rent next due from MCLP under the Ground Lease.

18. Notices:

Any notice hereunder shall be in writing, shall be addressed to Seller or MCLP, as the case may be, and shall be delivered by hand or mailed postage prepaid by registered or certified mail. Such notice shall be deemed given when so

delivered by hand or, if so mailed, when deposited with the U.S. Postal Service.

Agreed to as of this ____ day of June, 1991.

TO: BOSTON REDEVELOPMENT AUTHORITY BOARD
AND STEPHEN BOSTON REDEVELOPMENT AUTHORITY

FROM: HOMER RUSSELL, ASSISTANT DIRECTOR FOR
URBAN DESIGN AND DEVELOPMENT
POWERSHOOTING RANGE
MANAGEMENT AND BUDGET
NANCY TENTEN, PROJECT MANAGER

By: _____

MARKETPLACE CENTER LIMITED PARTNERSHIP

SUBJECT: TRANSFER OF LIMITED PORTIONS OF PARCEL D-10
By: Marketplace Center, Inc.
its General Partner

EXECUTIVE SUMMARY:

Two Memorandums request approval of the transfer of limited portions of the B.R.A. parcel in Parcel D-10 to a partnership that will be created by Marketplace Center, Inc. (MCLP) and its General Partner, Marketplace Center, Limited Partnership (MCLP). The partnership having two partners, MCLP and the B.R.A., in accordance with a Request for Proposals dated April 23, 1991.

By: _____
James F. Sullivan
its President

Background

Parcel D-10 is a 100,000 square foot parcel of land located in the Westmoreland District. The parcel is bounded by Commercial Street to the east, State Street to the south and the Central Avenue to the west and north. The parcel is bounded by a 15-foot wide front office building and garage and green construction completed in 1973 providing approximately 30,000 square feet of usable area and below-grade parking for 120 cars. The parcel is currently referred to as Marketplace Center having an address of 200 State Street. At this time, the MCLP State Street building is almost 100% occupied.

The parcel is currently owned by the B.R.A. subject to an 80-year lease between the B.R.A. and Marketplace Center, Limited Partnership (MCLP), a Massachusetts Limited Partnership. The terms of the Lease require the payment by MCLP to the B.R.A. of \$1.4 million annually and 1% of net cash flow each year and, if applicable, 15% of net income for partners.

Request for Proposals

On April 23, 1991, the B.R.A. authorized the advertisement of a Request for Proposals (RFP) soliciting proposals for the purchase of limited portions of the B.R.A.'s interest in Parcel D-10 in accordance with a document titled "Request for Proposals, Parcel D-10, Boston" dated April 23, 1991. In accordance with M.G.L.A. Chapter 208, the Request for Proposals was advertised as

D-10-1000

MEMORANDUM

Document #5406
ADOPTED
JUNE 13, 1991

TO: BOSTON REDEVELOPMENT AUTHORITY BOARD
AND STEPHEN COYLE, DIRECTOR

FROM: HOMER RUSSELL, ASSISTANT DIRECTOR FOR
URBAN DESIGN AND DEVELOPMENT
JOSEPH NOONAN, ASSISTANT DIRECTOR FOR
MANAGEMENT AND BUDGET
NANCY TENTINDO, PROJECT MANAGER

SUBJECT: TRANSFER OF LIMITED PORTIONS OF PARCEL D-10

EXECUTIVE SUMMARY:

This Memorandum requests approval of the transfer of limited portions of the BRA's interest in Parcel D-10 to a nominee trust to be created by Marketplace Center Limited Partnership (MCLP), the sole beneficiary of which will be a general partnership having two partners: MCLP and the BRA, in accordance with a Request for Proposals dated April 27, 1991.

Background

Parcel D-10 is a 75,000 square foot parcel of land located in the Waterfront/Markets District. The parcel is bounded by Commercial Street to the east, State Street to the south and the Central Artery to the west and north. The parcel is improved with a 16-story steel frame office building of granite and glass construction completed in 1985 containing approximately 373,000 square feet of rentable area and below-grade parking for 120 cars, commonly referred to as Marketplace Center having an address at 200 State Street. At this time, the 200 State Street building is almost 100% occupied.

The parcel is currently owned by the BRA subject to an 80-year lease between the BRA and Marketplace Center Limited Partnership (MCLP), a Massachusetts Limited Partnership. The terms of the Lease require the payment by MCLP to the BRA of \$1.4 million annually and 15% of net cash flow each lease year and, if applicable, 15% of net refinancing proceeds.

Request for Proposals

On April 25, 1991, the BRA authorized the advertisement of a Request for Proposals (RFP) soliciting proposals for the purchase of limited portions of the BRA's interest in Parcel D-10 in accordance with a document titled "Request for Proposals, Parcel D-10, Boston" dated April 27, 1991. In accordance with M.G.L.A. Chapter 30B, the Request for Proposals was advertised on

D-10.bdm

Board Memorandum
June 13, 1991
Page 2

April 27, 1991 and again on April 30, 1991. Notice was also published in the Central Register of April 10, 1991.

On May 10, 1991, two proposals were received and publicly opened and read. These were from: (1) Marketplace Center Limited Partnership (MCLP) of Boston, and (2) NCNB Investment Banking Company of Charlotte, North Carolina with the Boyleston Group, Dallas, Texas.

The proposal submitted by MCLP is superior to that from NCNB Investment and Banking Company in that the terms offered by MCLP result in greater benefit to the Authority, particularly with respect to the purchase price and the Discount Rate. The purchase price is the greater of \$8,500,000 or an amount equal to the present value of the ten year stream of base rent (\$1.4 million annually) due under the Ground Lease for Years 1 through 10 discounted at the Discount Rate with year 1 commencing at the closing date. The Discount Rate is 275 basis points over the U.S. Treasury interest rate.

Recommendation for Transfer of Limited Portions of Parcel D-10

At this time, it is recommended that the transfer of limited portions of the BRA's interest in Parcel D-10 be approved. The transferee would be a nominee trust to be created by MCLP. The terms offered by MCLP would allow the BRA to continue to receive 15% of net cash flow from sales and 15% of net refinancing proceeds. Moreover, the BRA would continue to exercise control over essential matters such as the use of the space in Parcel D-10.

Another important consideration is that MCLP is currently attempting to refinance the 200 State Street project. This transfer will greatly assist MCLP in securing such refinancing which will contribute to the long-term viability and profitability of Parcel D-10. In contrast, NCNB Investment Banking's proposal will not contribute to the ability of secure additional financing for the project.

Moreover, MCLP has demonstrated its financial capacity to carry out the proposed purchase, as evidenced by the satisfactory performance of its obligations under the Ground Lease with an uninterrupted stream of timely payments to the BRA.

Other important terms of the transfer are described below:

Purchase Price. The purchase price is the greater of \$8,500,000 or an amount equal to the present value of the ten-year stream of base rent (\$1.4 million annually) due under the Ground Lease for years 1 through 10. Year 1 commences on the closing date.

Board Memorandum

June 13, 1991

Page 3

Buyer. The buyer will be a nominee trust to be created by MCLP. The sole beneficiary of the trust shall be a Massachusetts general partnership which shall have only two partners as follows: (a) Marketplace Center Limited Partnership or a Massachusetts limited partnership to be formed by Marketplace Center Limited Partnership, provided that the partners thereof shall be the same as the partners of MCLP and (b) the BRA or any affiliated entity designated by the BRA.

Partnership Agreement. The BRA will have the sole right to receive all percentage rent and additional rent under the Ground Lease and have the sole right to exercise Reverter Option. Marketplace Center Limited Partnership will have the sole right to receive all base rent payments under the Ground Lease and will make all payments due under the Fee Mortgage and all other monetary obligation of the General Partnership. The BRA will have no monetary obligations under the General Partnership. Marketplace Center Limited Partnership has sole right to exercise Buy-Out Option.

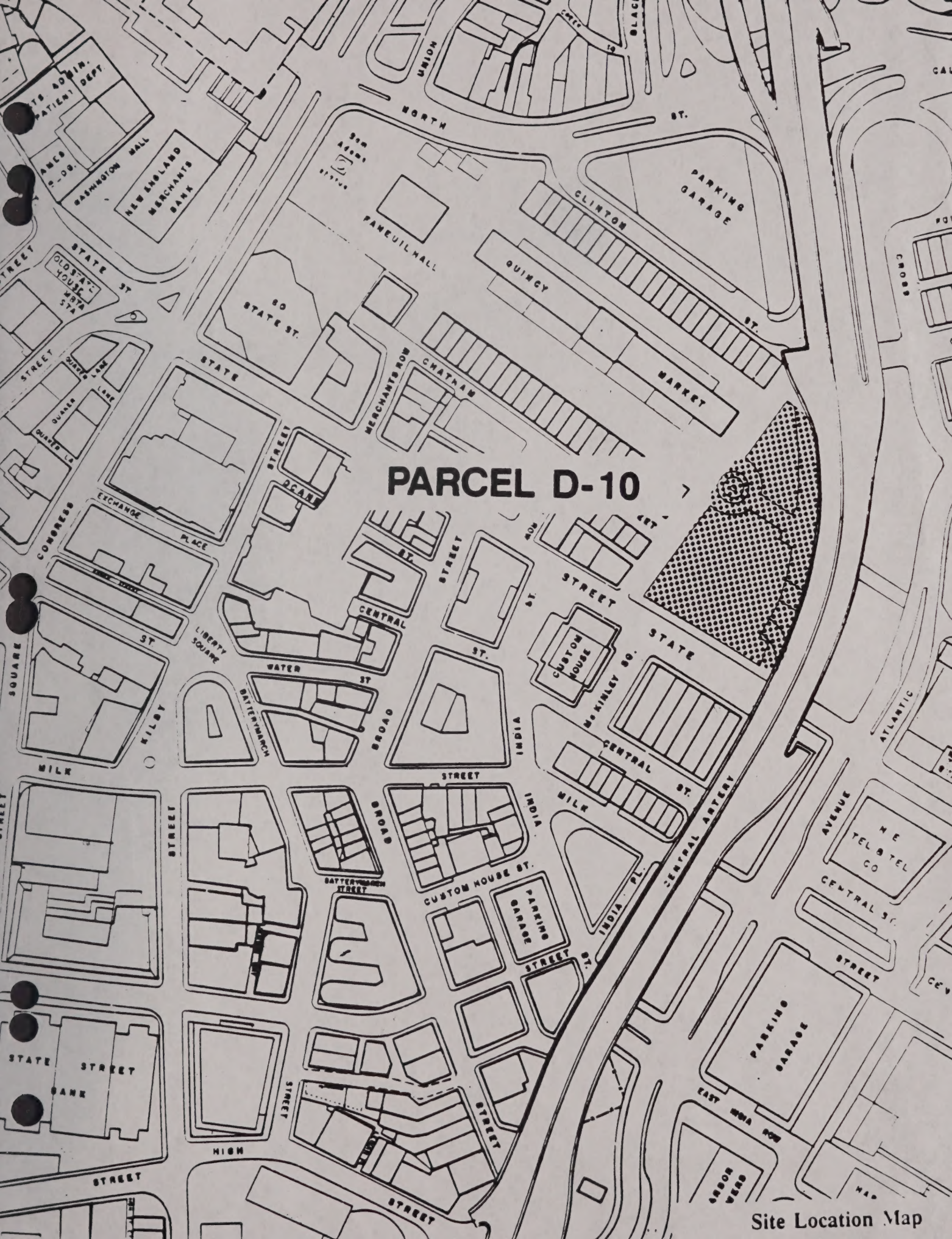
Buy-out Option. MCLP will have the right to buy-out the BRA partner at any time during years 6 through 10. Subject to a minimum buy-out price of \$9 million and a maximum buy-out price of \$15 million, the buy-out option price shall be equal to the present value of the 15-year stream of base rent due under the Ground Lease for years 11 through 25 discounted at the Option Discount Rate which will be the Applicable Basis Points over the Applicable Treasury Rate.

MCLP will make a deposit of \$850,000 immediately upon the execution of a Term Sheet Agreement, substantially in the form as attached. Should MCLP be unable to close on the closing date of September 30, 1991 or as extended in accordance with the Term Sheet Agreement, the deposit will be credited against future rent payments due from MCLP.

It is therefore recommended that the Director be authorized to enter into a Term Sheet Agreement conveying limited portions of the BRA's interest in Parcel D-10 to a nominee trust to be created by Marketplace Center Limited Partnership, the sole beneficiary of which shall be a general partnership with two partners: Marketplace Center Limited Partnership or a Massachusetts limited partnership to be formed by Marketplace Center Limited Partnership, and the BRA or its designee, in substantial accordance with the terms described in the attached document titled "Term Sheet for Purchase of Limited Portions of Landlord's Interest in Parcel D-10." It is further recommended that the Director be authorized to execute the closing documents necessary to effectuate this transfer including an Option Agreement, all said documents to be consistent with the Term Sheet Agreement in substantially the form as attached, and include such other terms and conditions as the Director deems appropriate and in the best interest of the Authority.

An appropriate vote follows:

VOTED: That the Director be and hereby is authorized to enter into a Term Sheet Agreement conveying limited portions of the BRA's interest in Parcel D-10 to a nominee trust to be created by Marketplace Center Limited Partnership, the sole beneficiary of which shall be a general partnership with two partners: Marketplace Center Limited Partnership or a Massachusetts limited partnership to be formed by Marketplace Center Limited Partnership, and the BRA or its designee, in substantial accordance with the terms described in the attached document titled "Term Sheet for Purchase of Limited Portions of Landlord's Interest in Parcel D-10," and is further authorized to execute the closing documents necessary to effectuate this transfer including an Option Agreement, all said documents to be consistent with the Term Sheet Agreement in substantially the form as attached, and include such other terms and conditions as the Director deems appropriate and in the best interest of the Authority.



PARCEL D-10

Site Location Map

